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~~4-11-74~~



COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20548

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The Honorable H. R. Gross
House of Representatives

Dear Mr. Gross:

This report is in response to your request of March 11, 1974, that the General Accounting Office provide you information on the use of Government mailing indicia for the mailing of advertising by a commercial company. You asked that we determine why the advertising was being mailed under a Government indicia, the responsible officials, and our opinion regarding the legality of this action.

The advertising in question was mailed by Metcut Research Associates, which has a cost-plus-fixed-fee contract to operate the Machinability Data Center (MDC), an information analysis center sponsored by the Department of Defense (DOD) Army Materials and Mechanics Research Center. For the period August 1, 1973, to July 31, 1974, the contract is estimated at \$150,000. The Defense Supply Agency administers the contract for DOD and provides the Government mailing indicia used by MDC.

MDC's objective is to increase the productivity of scientists, engineers, and technicians engaged in Defense scientific and engineering programs by providing information analysis services to DOD, its contractors and grantees, and to other Government agencies and contractors. Certain services may also be provided to the private sector. To accomplish this objective, Metcut prepares bibliographies, data publications, flyers, and the MDC handbook for sale to interested persons.

Metcut is required under the contract to establish a program to make MDC's users and potential users aware of MDC's products and services. The advertising in question was mailed in accordance with this provision and the proceeds from MDC's sales revert to the Government by applying them to the cost of maintaining MDC.

Metcut is authorized under its contract to use Government mailing indicia and DOD has advised us that this arrangement has saved the Government about \$56,000 over a period of about 7 years. Use of mailing indicia by Government contractors is permitted under the Armed Services

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Procurement Regulation and the Postal Services regulations. Thus, it appears Metcut's use of Government mailing indicia was in accordance with pertinent regulations.

We plan no further distribution of this report unless you agree or publicly announce its contents.

Sincerely yours,



Acting

Comptroller General
of the United States